*257. [*The questioners (Shri Pramod Mahajan and Shri Lal K. Advani) were absent. For answer,* vide *cols.* 43-44 infra]

*258. [*The questioners (Shri K. Gopalan and Shri V. Gopalsamy) were absent. For answer,* vide *cols.* 44—46 infra.]

*259. [*The questioner (Shri Sharad Yadav) was absent. For answer,* vide *col.* 46—48 infra.]

*260. [*The questioner (Shri R. Sambasiva Rao) was absent. For answer,* vide *cols.* 48 infra.]

MR. CHAIRMAN: Under the rules I have to go through the list all over again.

*242. [*The questioner (Shri Suresh Pachouri) was absent. For answer,* vide *cols.* 36-37 infra.]

*245. [*The questioner (Shrimati Ratan Kumari) was absent. For answer,* vide *cols.* 37-38 infra.]

*246. [*The questioner (Shrimati Suryakanta Jayawantrao Patil) was absent. For answer,* vide *cols.* 38—40 infra.]

*248. [*The questioners (Shri T. R. Balu and Shri V. Gopalsamy) were absent. For answer,* vide *cols.* 39-40 infra.]

Reducing the cost of production in public Sector undertakings

*251. SHRI PARVATHANENI UPENDRA: Will the Minister of INDUSTRY be pleased to state:

(a) whether any detailed exercises have been undertaken to cut down the cost of production in real terms in the Public Sector Undertakings;

(b) whether the reasons for increased cost of production in the Public Sector Undertakings have been identified; and

(c) if so, what action has been taken by the Government in the matter?

THE MINISTER OF STATE IN THE DEPARTMENT OF PUBLIC ENTERPRISES IN THE MINISTRY OF INDUSTRY (PROF. K. K. TEWARY): (a) to (c) A statement is laid on the Table of the House.

Statement.

(a) Continuous efforts are being made to cut down the cost of production in real terms in Central public enterprises.

(b) The reasons vary from enterprise to enterprise. However, in general, some of the important reasons for increased cost of production in public sector undertakings are lower capacity utilisation due to various constraints; continuous escalations in the cost of inputs including impact of periodic wage revision; surplus labour; old plant and machinery and outdated technology especially in the case of sick taken-over enterprises, industrial relations problems, etc.

(c) The steps taken by Government include action in identified thrust areas relevant to the enterprises concerned, such as monitoring and periodic review of performance of the enterprises by the administrative Ministries|Departments at high levels with special emphasis on productivity and capacity utilisation and vigorous follow-up action of decisions taken in such meetings, provision of captive power facilities wherever considered necessary, overall improvement in the infrastructural availability by substantial investment in infrastructural industries proposed under the 7th Five Year Plan, modernisation and rehabilitation of plant and equipment, product diversification, structural re-organisation and capital restructuring, encouragement of workers participation in management etc. Further, Government have also emphasised the necessity to introduce cost control and value analysis techniques in public enterprises. Due emphasis has also been given for research and developmest activities, quality control, material utilisation etc.

SHRI PARVATHANENI UPENDRA: Sir, the Miniter has not really mentioned in his statement the reasons for increased costs. Part (b) of the question is whether the reasons for the increased costs

have been identified. I would like the Minister to elaborate on that.

PROF. K. K. TEWARY: Sir, it is apparent that the honourable Member has not had time to go through the statement that has been laid on the Table of the House. Otherwise, Sir, he would have found all the reasons given there.

MR. CHAIRMAN: All right. You do not mind that. You give the details now.

PROF. K. K. TEWARY: Sir, for the benefit of the honourable Member and the House, I would like to state that the reasons which have led to an increase in the costs are like these: Firstly, lower capacity utilization is the reason why costs have increased. Secondly, the other factors which are responsible for increase in the costs are continuous escalation in the cost of inputs including periodic wage revisions, surplus labour especially in respect of sick taken-over enterprises, deficiencies in management sometimes, increase in the financial burden on account of past losses especially in the case of continuously loss-making enterprises. These are the main reasons why the costs have increased.

MR. CHAIRMAN: Yes, Mr. Upendra, you put your second supplementary.

SHRI PARVATHANENI UPENDRA: Sir, these were there earlier, these long-standing instructions and decisions. But because of the delay in implementing them, the cost of production is going up. Therefore, I would like to know what they have done to reduce the delay in implementing all these decisions and guidelines.

PROF. K. K. TEWARY: Sir, cost reduction is one of the major exercises that we have been doing in the public sector. For reducing the costs, instructions have been issued. There are two levels at which the exercise has been done. At the Government level, we have been issuing instructions to them and since 1966, instructions have been going on. In recent years, during the last two years, at least six or seven instructions containing all the directives have gone and, Sir, in July 1986, I had a meeting—there was a workshop on "Cost Reduction and Productivity"—where all the chief executives of the public sector enterprises participated and an action plan has already been worked out and, according to that, cost reduction exercises are being done and the guidelines are being implemented. So far as the public sector undertakings themselves are concerned, the steps that they have taken to reduce the costs I will give now.

Sir, all these items included in the action plan we are vigorously monitoring and almost every month we have meetings with the chief executives and monitor the progress made by the concerned units in this area namely, cost reduction.

The second step taken by the units is provision of captive power facilities wherever considered necessary. Wherever power shortage is detected or is realised we give them facilities for having captive power facilities.

The third thing is overall improvement in the infrastructural sector. Sir, you know the infrastructural sector is very vital like petroleum, coal, energy, etc. During the Seventh Plan, the major investment is in the infrastructural sector so that the infrastructural sector supports the public sector and the economy as a whole. Then, Sir, the other steps are modernisation and rehabilitation of old and obsolete machinery and equipment. Along with these, Sir, we have also effected structural changes in the public sector enterprises, that is, some undertakings which were making continuous losses have been grouped together.

SHRI M. S. GURUPADASWAMY: May I know whether one of the reasons for malfunctioning of some public sector industries is that politics is playing a role in the location of industries, political considerations, partisan considerations, sectional considerations, other than economic considerations in locating industries in wrong places? Has this come to his notice? If so, have any steps been taken at least in future for avoiding to locate industries in wrong places for political reasons, political compulsions? (b) May I know whether strict accountability and

performance has been introduced in the various industries which have already been set up, because these are the things which are there all along? So in spite of what you have said in the statement, you are losing.

SHRI J. VENGAL RAO: I will take note of what the hon. Member has stated about this, Sir. The main reason is the power cut in almost all the States. We are not in a position to utilize the full installed capacity. This is the position.

PROF. K. K. TEWARY: So far as the suspicion that politics has been interfering or perhaps impeding the functioning of the public sector...

MR. CHAIRMAN: The hon. Member mentioned about the wrong location because of political reasons.

PROF. K. K. TEWARY: Our policy is that we have been setting up public sector in areas which have been backward. So it is with a view to providing some support to the development activities, development processes, in those areas, not with a view to any political consideration.

SHRI M. S. GURUPADASWAMY: Are you denying that there is political consideration?

PROF. K. K. TEWARY: It is always based on techno-economic surveys and also backward level of the region concerned.

SHRI CHITTA BASU: May I know whether one of the factors responsible for this is the lack of operational autonomy of the public sector management? If so, what steps have so far been taken?

PROF. K. K. TEWARY: Sir, in recent months—in fact the last two years—we have taken several steps to make the public sector autonomous and also fixed responsibility. Sir, we have earlier had the tenure of the Chief Executive for two years. Now we have made it 5 years. And we have given full autonomy to the Board level management, not only in terms of their tenure but also in terms of investment. Upto Rs. 20 crores investment the Board can decide. But we should remember that autonomy has to go with accountability, and in order to fix accountability we monitor the performance. Targets have been fixed. Action plans have been framed. Therefore, all these steps, I think, have already gone a long way as you can see in terms of performance of the public sector.

SHRI N. E. BALARAM: The hon. Minister has stated in his reply that there was a successful effort on the part of the Government to cut down the cost of production. But every year, and this year also, the coal price has been increased. On the basis of that the expenditure is more. So they are forced to increase the prices. There is a contradiction here. If there was a successful attempt on the part of the Government to cut down the prices...

MR. CHAIRMAN: Question Hour is over.

WRITTEN ANSWERS TO QUESTIONS

Shifting of LPG cyliner filling stations

*242. SHRI SURESH PACHOURI: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether there is any proposal under Government's consideration to shift the LPG cylinder filing stations from their present sites in Delhi to some distant and safer places;

(b) if so, the stage at which the said proposal stands at present; and

(c) by when a final decision is likely to be taken in the matter?

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATURAL GAS AND THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BRAHM DUTT): (a) to (c) In order to enable shifting of the existing LPG bottling facilities from